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Chairman: Mr. Balarezo

(Peru)

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The meeting was called to order at 3.05 p.m.

General debate (continued)

1. **Mr. Bodini** (San Marino) expressed full agreement with the view, stated in the Secretary-General's report on the work of the Organization (A/59/1), that "for the majority of the world's people, the most immediate threats" were "poverty, hunger, unsafe drinking water, environmental degradation and endemic infectious diseases". He said that those issues were still faced in 2004, one year before the high-level meeting - a summit - that was to review the implementation of the Millennium Declaration and evaluate the outcomes so far achieved in that process. Although the idea that wealth should be better allocated worldwide was a generally accepted principle, the governments of the less privileged countries were responsible for distributing fairly and equitably whatever resources were available domestically. Only when better governance and true democracy were achieved in the beneficiary countries would the developed economies speed up the process of assistance.

2. Although its low-key behaviour might sometimes be misinterpreted as unwillingness to help, San Marino, together with the vast majority of developed countries, believed in accelerating the financial and technical assistance process. Despite serious problems faced at home, including the depletion of retirement funds and the increase of health care costs, San Marino had already embarked on the challenging and laborious process of raising citizens' awareness of global needs.

3. The most challenging goal before the Second Committee at the current session was to ensure that all nations recognized and understood each other's strengths and weaknesses, duties and rights, and obligations and needs. The instruments needed to that effect were clearly identified in the Millennium Development Goals (MDGs), and it was up to the international community to implement them.

4. **Mr. Hackett** (Barbados), speaking on behalf of the Caribbean Community (CARICOM), endorsed the statement made on behalf of the Group of 77 and China. He said that the States members of CARICOM were fully committed to the achievement of the Millennium Development Goals (MDGs) through a

combination of strengthened national responses and intensified global action, and attached top priority to the 2005 high-level meeting scheduled to review the implementation of the Millennium Declaration. They also believed in bridging the democratic deficit in global governance, and considered that good governance at all levels was an essential requirement for promoting sustainable development and achieving social justice and a secure and predictable peace. To that effect, CARICOM was committed to integrity in all areas of governance under the Charter of Civil Society of the Caribbean Community. Under those provisions, the development of the member States as stable and well ordered democracies, governed by the rule of law, should be ensured through a meaningful participation of all sectors in all aspects of political, social and economic affairs.

5. Despite good governance practices at the national level, CARICOM's efforts at achieving its sustainable development goals were frustrated by the current system of global governance, which - as agreed at the Millennium Summit, in Monterrey and in Johannesburg - should have been guided by the principles of "justice, equity, democracy, participation, transparency, accountability and inclusion" that governed decision-making at the domestic level. That was the only way to address such issues as the need for fairer rules and policies on trade and finance, the reform of the international financial architecture, climate change, natural disasters, international migration and international tax cooperation. Moreover, it was necessary to carry out deep reforms in the operations of, inter alia, the Bretton Woods Institutions (BWIs), the Organization for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATE) in order to ensure the international community's full participation in the process of prescribing norms by which it should abide.

6. CARICOM looked forward to a positive decision very soon on the proposal - endorsed by the Group of 77 and China - to convert the Ad hoc Group of Experts on International Cooperation in Tax Matters into a Committee of the Economic and Social Council (ECOSOC); and considered that conversion as a first step in fulfilling the related commitment that was part of the Monterrey Consensus. Moreover, CARICOM appealed to all members of the World Trade Organization (WTO) to support the mandate provided

for in the Doha Declaration to facilitate "the fuller integration of small, vulnerable economies into the multilateral trading system". The WTO General Council could accordingly recommend to the next ministerial conference not only special and differential treatment, but also the implementation of rules favourable to those economies. On the issue of the debt, CARICOM stressed the need to focus on dealing with the debt burden of middle-income developing countries in a more comprehensive manner and reiterated its support for the Secretary-General's proposal to establish a working group to address debt from a developing country perspective. Furthermore, it was necessary to reinforce the Barbados Programme of Action (BPOA) by incorporating in it new and emerging economic and social issues that constrained the sustainable development of small island developing States (SIDS). CARICOM hoped that the International Meeting, scheduled to take place in Mauritius in January 2005, would result in renewed political commitment and support for SIDS at the global level including the identification of new, predictable and additional resources to advance implementation of the BPOA.

7. States in the Caribbean region were particularly vulnerable to meteorological phenomena, economic crises and environmental disasters, which could in a matter of hours erase decades of development. A grim reminder about that fact had been the recent passage of Hurricane Ivan, which had left behind thousands of dead and homeless in Haiti and had caused damages estimated at more than US\$2 billion in Grenada. While doing all it could to assist the people of those and other affected islands, CARICOM reiterated its recent emergency call for greater international support for relief, recovery and rebuilding efforts. There was increasing scientific evidence that those and other extreme weather events, such as cyclones and the sea level rise, were the result of global warming. Accordingly, CARICOM called on the entire international community to honour its commitments in the area of climate change and to support the adaptation efforts of SIDS, which contributed the least to that phenomenon but were the most affected by its adverse effects. Moreover, CARICOM appealed once again to the Member States, asking those that had not yet ratified the Kyoto Protocol to follow the example of the Russian Parliament, whose recent decision to ratify that instrument was gratifying. The peoples of the region were largely dependent on the Caribbean

Sea, particularly in such sectors as tourism, fisheries and intra-regional trade. Consequently, CARICOM looked forward to continued support from the international community in achieving the objectives of a resolution - that the Committee would be asked to consider during the current session - on "promoting an integrated management approach to the Caribbean Sea area in the context of sustainable development".

8. CARICOM was involved in the preparations for the second phase of the World Summit on the Information Society, to be held in Tunis; welcomed the completion of the first stage in Geneva; and hoped that, as an outcome of that Summit, an international platform would be created to put an end to the digital divide, and strict rules would be established on internet governance.

9. Mr. Kafando (Burkina Faso), having endorsed the statement made by the Group of 77 and China, pointed out that globalization and the liberalization of world trade had aggravated economic and social disparities among nations. He stated that, in view of the inadmissible manipulation of the rules and function of the world economy by a few States in accordance with their own interests, effective cooperation of the international community was necessary to put an end to problems such as the aggravation of poverty, which affected one fourth of the world's population, the insufficiency of official development assistance (ODA), the almost absolute absence of foreign direct investment (FDI) in many poor countries, the debt burden that beset those countries, the food insecurity that in some cases affected even wealthy countries, where large quantities of foodstuffs were sometimes destroyed for "price stabilization"; and the lack of drinking water and health care services that condemned one fourth of humanity to a life expectancy of no more than 40. In order to attain the objectives that had been set, the recommendations of the World Commission on the Social Dimensions of Globalization should be implemented. Regarding poverty reduction, it had been agreed at the African Union Extraordinary Summit on Employment and Poverty Alleviation in Africa, held in Ouagadougou on 8 and 9 September 2004, to focus economic and social policies in the continent on employment and to establish a mechanism to monitor the implementation of the decisions adopted at national, regional and international level. In view of the 2005 review of progress made with regard to the implementation of the Millennium Development Goals

(MDGs), it would be advisable to adopt specific measures reflecting the international community's political will, expressed at the Millennium Summit, to face up to its responsibilities in the fight against poverty.

10. Burkina Faso welcomed the initiatives for the mobilization of further resources to help the poor countries to overcome their chronic lack of funds, including the Action against Hunger and Poverty, led by the Presidents of Brazil, France, Chile and Spain; the United Kingdom's proposal concerning an international financial facility (IFF); the "cotton initiative" launched by four sub-Saharan Africa countries and the WTO; and the Global Compact proposed by the Secretary-General. Furthermore, the fact that the environment was threatened by pollution, global warming and desertification called for pursuing and enlarging discussions on converting the United Nations Environment Programme (UNEP) into a United Nations Organization for the Environment. Lastly, since the countries affected by the phenomenon of migration constituted increasingly a vehicle for intercultural dialogue and understanding and at the same time a demographic, sociological, economic and political challenge, Burkina Faso favoured convening a United Nations conference on international migration and development.

11. Mr. Chowdhury (Bangladesh), after expressing his thanks for the support that he had received when he had chaired the Committee, said that the structural and systemic constraints that had prevented globalization from producing the expected benefits should be identified and addressed. The report of the World Commission on the Social Dimensions of Globalization had identified a number of them. To that end, an enabling international environment conducive to development, a transparent and more participatory international financial architecture and a predictable flow of financial resources to developing countries to reduce vulnerability to financial crises were required. In addition to efforts to raise official development assistance (ODA) levels to match commitments, serious consideration should be given to the important recommendations on innovative financial mechanisms for poverty eradication, growth and sustainable development, that had been formulated by the expert group set up on the initiative of the President of Brazil. It was indeed possible to reduce poverty and achieve development through a prudent and pragmatic use of

external assistance mixed with home-grown and indigenously evolved concepts, such as microcredit, and based on a matrix of pluralism, democracy and women's empowerment. Bangladesh had amply demonstrated that, and hoped that the work of the Committee in the current session would form the basis for the 2005 review of the fulfilment of commitments contained in the Millennium Declaration and in the internationally agreed development goals.

12. After the setback at Cancun, significant compromises were necessary in order to enable the developing countries to broaden their export base and to build their negotiating capacities, eliminating tariffs and non-tariff barriers (NTBs), which restricted market access of their products. Due consideration must be accorded to the asymmetries in the economies of the various countries and to the social needs of the least developed countries (LDCs), small island developing States (SIDS) and landlocked developing countries (LLDCs), whose programmes of action required the Committee's fullest support. Bangladesh identified closely with African countries in relation to their problems and aspirations, and saw great value in learning from the positive experience of societies in comparable situations. The African Union and the New Partnership for Africa's Development (NEPAD) were hopeful developments. Through peace-keeping operations in Africa, Bangladesh had worked for disseminating knowledge and experience in relation to micro-credit, non-formal education, and women's empowerment. The observance of the International Year of Microcredit 2005 would provide an opportunity to pursue that task further.

13. The Triennial Comprehensive Policy Review of the Operational Activities for Development, which would be considered by the Committee in the current session, should lead to strengthening quite a few United Nations agencies that - disappointingly - risked marginalization and operated on voluntary contributions. It was necessary to ensure a more predictable and adequate flow of resources to fund their operation, and development should again become a centrepiece of United Nations activities. Regarding the need to ensure a more practical and coherent organization of the Committee's work, proposals and recommendations had been presented through the Bureau at the previous session, and many of those suggestions were reflected in General Assembly resolution 58/316. It was to be hoped that the Bureau

paper would serve as a basis for enhancing efficiency, focus, visibility and participation in the work of the Second Committee.

14. Mr. Siv (United States of America) noted the steps that the Second Committee had taken to reform and streamline its work and make it more relevant, and said that more could and should be done to further the reform efforts. In that spirit, the United States would refrain from making a statement during the general debate and, in the interest of a more productive discussion, would offer its views when important questions would come up before the Committee under specific agenda items.

15. Mr. Doryan (World Bank) said that, in the current situation, the world - characterized by critical imbalance and instability, but also a high degree of globalization and technological sophistication - had the potential and capacity to solve its own problems. The question was whether it would be possible to mobilize the political will and apply the learning to actually do that quickly enough to matter. A quick scan of the agenda of the 2004 Development Committee revealed a set of issues that was not dissimilar to the issues that the Second Committee intended to discuss over the following weeks. That in itself marked progress in the work that the two bodies did together. The Monterrey process, the General Assembly High-Level Dialogue and the work of the Second Committee had helped to reshape cooperation between the World Bank and the agencies of the United Nations system. Their joint engagement toward effective development was underpinned by the joint work done by the World Bank, the United Nations, donors and partner governments on the harmonization and alignment of development assistance; the Shanghai conference on poverty reduction; the work of such joint advisory and technical bodies as the Millennium Project; the joint work on data clarification and dissemination; and the variety of proposals on the table for innovative ways of financing development.

16. In the Development Committee meeting, which had been held in Washington, D.C. on 2 October 2004, the ministers of finance and development had issued a communiqué focused on four issues. The first of those issues had been aid effectiveness and financing modalities, regarding which the ministers had agreed that it was necessary to increase aid flows and complement them with such innovative mechanisms as the International Finance Facility (IFF), global taxes,

voluntary contributions and the World Leaders Summit on Action Against Hunger and Poverty, which had been held on 20 September 2004. The second issue had been strengthening the foundations for growth and private sector development, regarding which the ministers had welcomed the initiatives aimed at improving the investment climate and reinforcing the financial sectors and their relation to social development and gender equality, considering them as keys to accelerating pro-poor growth. In addition, they had approved of the Bank's plan to scale up activities in implementing the Infrastructure Action Plan and stressed the need to pursue - together with the International Monetary Fund (IMF) - efforts to increase fiscal space for public infrastructure investments within the limits of fiscal prudence and debt sustainability. The third issue had been debt sustainability, regarding which the ministers had reviewed progress under the highly indebted poor countries (HIPC) initiative, welcoming the extension of the sunset clause and development of a debt sustainability framework to help developing countries manage their borrowings. The fourth issue had been the participation of developing and transition countries, regarding which the ministers had called for a report at the next meeting of the Development Committee on the feasibility of all proposed options. In addition to those four issues, the ministers had welcomed the progress made so far on the poverty reduction strategy process, including revisions to the architecture to help address remaining challenges to countries in implementing the process, and called on the Bank to review its policy and practice on conditionality. Lastly, the ministers had addressed various trade-related issues and the Doha Development Agenda and urged donors who had not yet done so to make tangible efforts toward the target of providing official development assistance (ODA) equal to 0.7 percent of gross national product (GNP).

17. Mr. Elisala (Samoa), speaking on behalf of the 14 States members of the Pacific Islands Forum that were Members of the United Nations, conveyed their heartfelt condolences to the governments and peoples of the countries that had been affected during the Northern Hemisphere hurricane season. He said that the catastrophic impact of such occurrences vividly demonstrated that, despite good preparation and disaster reduction strategies, there was only so much that could be done against large-scale natural phenomena. They set back in a matter of hours hard-earned development achievements of many years and diverted critical funding earmarked for infrastructure

or social investment to emergency and medium-term rehabilitation requirements. The continuing structural vulnerability of small island developing states (SIDS) underscored the importance of the International Meeting to be held in Mauritius in January 2005 in order to review the implementation of the Barbados Programme of Action (BPOA) for the sustainable development of SIDS. The Forum members urged all countries to send high-level representatives to the Mauritius meeting and hoped that it would generate progress on the implementation of the BPOA and encourage action on new and emerging issues, including HIV/AIDS.

18. Climate change, climate variability and sea level rise continued to pose enormous threats to Forum members. In their August 2003 statement, Forum leaders had noted that the member States had been taking specific steps to mitigate climate change and would be meeting their Kyoto targets. They had called for urgent action to be undertaken to reduce greenhouse gas emissions, and delivered a clear signal that further commitments must be made in the future by all major emitters. In their August 2004 communiqué, the leaders had affirmed their commitment to participate in the high-level segment of the Tenth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Argentina later in the year.

19. Forum members welcomed the new framework proposed within the Economic and Social Council (ECOSOC) for excluding States from the list of least developed countries (LDCs) and believed that the continuing refinement of the LDC criteria had resulted in a better reflection of SIDS vulnerability in decision-making concerning the LDC list. The Forum encouraged also the Committee for Development Policy to continue its efforts to better reflect vulnerability in the Economic Vulnerability Index. Forum members believed that, as a result of recent progress in the World Trade Organisation (WTO) Doha Round, including developments on agriculture and special and differential treatment, there were better prospects for the Doha Agenda to enhance the fairness and improve the functioning of the world trading system. Lastly, Forum members welcomed progress in strengthening and streamlining the work of the Second Committee and hoped that it would lead to a United Nations that was more effective and better equipped to meet the challenges that confronted it. To ensure that

the interests of SIDS would be taken into consideration, Forum members would be engaging actively in the lead-up to the 2005 meeting organized to review the implementation of the Millennium Declaration.

20. Mr. Munzberg (International Monetary Fund) said that the meeting of the International Monetary and Financial Committee (IMFC) held in Washington, D.C. on 2 October 2004 had addressed a good number of issues - related to the current tendencies of the world economy - that were also reflected in the programme of the Second Committee. Global economic growth had strengthened and broadened, and global expansion was expected to continue. There were, however, downside risks to the recovery, stemming from oil price increases and volatility, and from global imbalances. There was increasing awareness of the necessity to adopt relevant measures, and of the fact that the policies aimed at correcting global imbalances were a shared responsibility. To that end, it was essential to progress on medium-term fiscal consolidation and toward greater exchange-rate flexibility.

21. Effective and even-handed International Monetary Fund (IMF) surveillance across the whole membership was central, especially with regard to systemically important countries and capital markets because of the effect that their policies could have on other countries and on the world economy. The Fund was committed to participating actively in the debates to be held in 2005 on the review of the implementation of the Millennium Declaration and in the high-level meeting on the follow-up to the Monterrey Consensus, without losing sight of the need to increase and better coordinate aid and technical assistance, extend debt relief and provide policy advice to lower-income countries. The poverty reduction strategy process should be used to coordinate the assistance provided with the domestic economic priorities of the beneficiary countries and to support the implementation of the Monterrey Consensus. The progress achieved in providing debt relief under the heavily indebted poor countries (HIPC) initiative, which had been extended for two more years, should be underscored, and it was necessary that the Fund and the World Bank should formulate a single framework for assisting lower-income countries in their efforts to achieve debt sustainability. The IMFC had encouraged both institutions to further analyze aid effectiveness, absorptive capacity, results-based measurement

mechanisms and such financing modalities and mechanisms to augment aid flows as the International Finance Facility (IFF), global taxes and other innovative mechanisms. Furthermore, the IMFC was aware of the importance of trade for economic growth and development at a global scale and supported the agreements negotiated in July as part of World Trade Organization (WTO) activities.

22. Regarding the efficiency of the instruments used by the Fund to address the problems faced by the international community, there had been discussion on the possibility of delivering signals to potential users, donors and creditors outside the context of an IMF financial arrangement. The need to set up a mechanism similar to the recently abolished backstop credit facility had been considered in connection with agreements of a precautionary character. Regarding financial crisis resolution, the IMFC had welcomed the inclusion of collective action clauses (CACs) in international sovereign bond issues and the progress made in the private sector regarding the establishment of a code of conduct. The IMFC looked forward to reviewing further work of relevance to the implementation of the IMF lending-into-arrears policy.

23. **Mr. Adel** (Egypt) endorsed the statements of the Group of 77 and the Group of African States and pointed out that cooperation for development should build on the idea that development and poverty eradication were a shared responsibility based on international cooperation, United Nations Charter principles and the Millennium Declaration, which constituted the fastest way to international peace and security. He said that it was essential to introduce the fundamental internal reforms necessary for development, address the roots of structural imbalance in the international economic and financial system, and ensure that the international community should intensify cooperation and eliminate imbalances in order to create a stable international financial environment. To that end, progress should be achieved in World Trade Organization (WTO) negotiations with a view to helping developing countries to achieve their development goals, and States should fulfil the commitments that they had assumed in that area, particularly with regard to development assistance, debt relief and foreign investment. Moreover, developing countries should have a stable access to international markets for their commodities. To that effect, technical assistance was required in order to

reduce the widening knowledge gap between North and South.

24. Egypt supported South-South cooperation and the New Partnership for Africa's Development (NEPAD) as ways of attaining sustainable development in the economic, social and environmental areas. Reform efforts in African countries would not bear fruit, unless the developing countries eliminated obstacles to the access of African products to their markets. It was essential to increase official development assistance (ODA) to the level agreed upon internationally and to continue to debate on the adoption of a broader approach to the implementation of the Monterrey Consensus recommendations.

25. The 13th Session of the Commission on Sustainable Development (CSD) offered developed countries an opportunity to renew their commitment to help developing countries to carry out the Johannesburg Plan of Implementation, especially with regard to drinking water, drainage and sanitation and human settlements. Moreover, preparations had taken place for the 2005 Summit, during which the decisions - taken at the various United Nations summits and conferences - to support international pro-development efforts should be reaffirmed. Governments should be urged to adopt practical measures to implement the commitments made in those conferences, giving substance to the idea of the shared responsibility of developing and developed countries. Lastly, it was hoped that the report of the Secretary-General on the Reform of the Organization would reflect the current situation regarding sustainable development at the international level and reaffirm the international commitments referred to.

26. **Ms. Holguín Cuéllar** (Colombia) said that the widening gaps between developing and industrialized countries in respect of living conditions the level of progress affected the least developed countries (LDCs) and the medium-income States. The notion of per capita income, taken out of context, could lead to a skewed assessment of a State's social and economic reality. Protectionism, subsidies, the debt and financial imbalances impeded - and sometimes reversed - the progress of medium-income States and, as a consequence, hunger and poverty spread further. Those countries faced additional obstacles, such as natural disasters, illegal drugs and organized crime. They accounted for more than 50 percent of the world population and 80 percent of the world's poor, 600

million persons - including 35 million children not enrolled in school and undernourished - who tried to survive on less than two dollars a day.

27. The decrease of international cooperation for development prevented medium-income States from overcoming structural problems and dealing with the macroeconomic consequences of global economic and financial dynamics. In that cooperation, priority should be given to the transfer of technical know-how and technology with a view to building national capacities for development. Moreover, there was an urgent need to eliminate trade imbalances; and ensure that liberalization benefited all countries and that the developed countries lifted protectionist measures and allowed free access of the developing countries' exports to their markets. There was furthermore need for an international financial structure providing for a broad and democratic participation in the decision-making process and precluding money laundering and corruption. In order to compete under propitious conditions, medium-income States needed a favourable international environment enabling them to exploit their capacities, trained human resources and economic and commercial potential in order to provide their population with adequate conditions for development and progress.

28. States had specific responsibilities that were essential and consisted in promoting governance, the rule of law, administrative transparency, fiscal stability, a domestic environment favourable to the private sector and foreign investment, and rural and urban microcredit.

The meeting rose at 4.20 p.m.